

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

PINNACLE AIRLINES CORP., *et al.*,

Debtors.

)

) Chapter 11

)

) Case No. 09-12-11343 (REG)

)

) Jointly Administered

)

SUPPLEMENTAL DECLARATION OF JASON CUDE

1. On October 10, 2012, I was asked by Pinnacle (through counsel) to supplement my September 13, 2012 declaration to respond to certain points raised by the Air Line Pilots Association, International (“ALPA”) and the Association of Flight Attendants-CWA (“AFA”) in their Objections to Pinnacle’s Section 1113 motion. Except as otherwise indicated, all facts set forth in this declaration are based upon my personal knowledge and experience. If called to testify, I would testify competently to the facts set forth in this declaration.

2. In March 2012, while Pinnacle and Delta were discussing amendments to the Delta Connection Agreements, my team provided the analytics underlying the rates that Delta would pay to Pinnacle under the amended agreements. At that time, Delta did not analyze how the Pinnacle rates compared to the rates it was paying other Delta Connection carriers, as that was not the purpose of the exercise. Delta was not seeking bids for or negotiating a new Delta Connection Agreement, but rather was seeking to amend the existing agreements based on the need for Pinnacle’s operations to continue uninterrupted in bankruptcy and to provide an opportunity for Pinnacle to develop an appropriate business plan in order to be able to emerge from bankruptcy.

3. On June 15, 2012, I attended a meeting between representatives of Delta and Pinnacle in Minneapolis, Minnesota. At that meeting, Delta explained the analysis described in my September 13 declaration and the conclusion of that analysis: that Pinnacle's 2012 base rates were higher than the average rates charged by other Delta Connection carriers by [REDACTED] per aircraft per year for 76-seat aircraft and [REDACTED] per aircraft per year for 50-seat aircraft. We provided that information to make sure Pinnacle was aware that, based on the rates currently being charged to Delta under the amended agreements, Pinnacle is not cost-competitive when compared to the Delta Connection average.

4. Pinnacle's base rates for 2012 are not only [REDACTED] higher than the average of the other Delta Connection carriers, but are the highest of all current Delta Connection carriers for both 76-seat and 50-seat flying. Pinnacle's rates under the amended Delta Connection Agreements are scheduled to "re-set" in 2018 [REDACTED]

[REDACTED]

5. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] This treatment did not bias or skew the results, but rather was necessary to achieve an appropriate "apples-to-apples" comparison.

6. In addition, the comparison performed was of the base rates of Delta Connection carriers providing 50 and 76-seat lift, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



I, Jason Cude, declare under penalty of perjury that the foregoing is true and correct.

Executed this 12th day of October, 2012.



Jason Cude